GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:4855
ANSWERED ON:07.05.2012
SHIPPING INDUSTRY
Thamaraiselvan Shri R.

Will the Minister of SHIPPING be pleased to state:

(a) whether the shipping industry in India has become a non-attractive business in the country:

(b) if so, the reasons therefor;

(c) whether one of the factors for this is because of competition from overseas shipping;

(d) if so, the details thereof; and

(e) the steps taken by the Government to make the shipping industry more attractive?

Answer

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a) to (d): The shipping industry in India has not become a non attractive business in the country. Currently Indian tonnage stands at 11.03 million Gross Tons (GT). Even though there was recession in the shipping industry, the Indian tonnage has steadily progressed since 2004 after introduction of tonnage tax scheme. During the period from 2009 to 2012, there is an increase in the Indian tonnage by 1.75 million GT with the addition of 210 vessels.

(e): In order to make the shipping industry more attractive and competitive, the Government has initiated several facilitative measures for the Indian shipping sector such as:-

(i) Acquisition of all type of ships, through import has been brought under the Open General Licence (OGL).

(ii) To attract investment for the growth of this sector, the Government has allowed 100% Foreign Direct Investment (FDI) In the shipping sector.

(iii) With a view to provide a level playing field to the Indian shipping sector, the Government has introduced tonnage tax system during 2004-2005 which has effectively brought down the tax liability of the shipping companies to a level comparable to the international level from the previous levels of the corporate tax regime.

(iv) Indian Shipping industry has been provided cargo support in the form of right of first refusal and policy of Free On Board (FOB) import is being followed for Government owned/ controlled cargoes.